



Office of Management and Budget

Improving the Accuracy and Integrity of Federal Payments

January 8, 2009

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I. INTRODUCTION

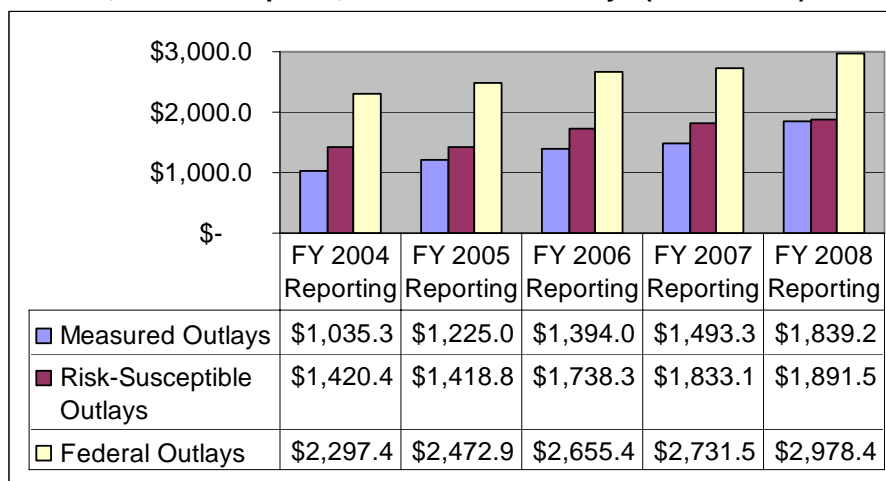
Improper payments occur when Federal funds go to the wrong recipient, the recipient receives the incorrect amount of funds, documentation is not available to support a payment, or the recipient uses the funds in an improper manner. Since the enactment of the Improper Payments Information Act (IPIA) of 2002 (Pub.L. No. 107-300) and the Recovery Auditing Act (Section 831 of the Defense Authorization Act for Fiscal Year 2002 (Pub.L. No. 107-107)), the Federal government has achieved measurable results in eliminating improper payments. These laws, as implemented through Office of Management and Budget (OMB) guidance (OMB Circular A-123, Appendix C), have created a permanent framework for assessing every Federal program and dollar for improper payment risk, measuring the accuracy of high risk payments annually, and initiating program improvements to ensure that payment errors and improprieties are reduced and ultimately eliminated.

The remainder of this report describes the progress agencies reported during fiscal year (FY) 2008. Focus is placed where efforts stand with respect to identifying high-risk programs, developing statistically valid improper payment estimates, and eliminating improper payments. The report concludes with a discussion of the outlook for improper payments beyond FY 2008.¹

II. FY 2008 RESULTS IN BRIEF

In FY 2008, the Federal government nearly closed the reporting gap by measuring over 97 percent of all high-risk outlays.² This means that Federal agencies are measuring virtually all significant sources of known error (Appendix 1). The three percent of unmeasured high-risk outlays (which will all report an error measurement by FY 2010) are from the Medicare prescription drug benefit program (Medicare Part D) and several smaller Department of Homeland Security programs (Appendix 2). Exhibit 1 illustrates the progress agencies have made in identifying and measuring Federal high-risk outlays since initial IPIA reporting.

Exhibit 1 – Total Measured, Risk Susceptible, and Measured Outlays (\$ in billions)



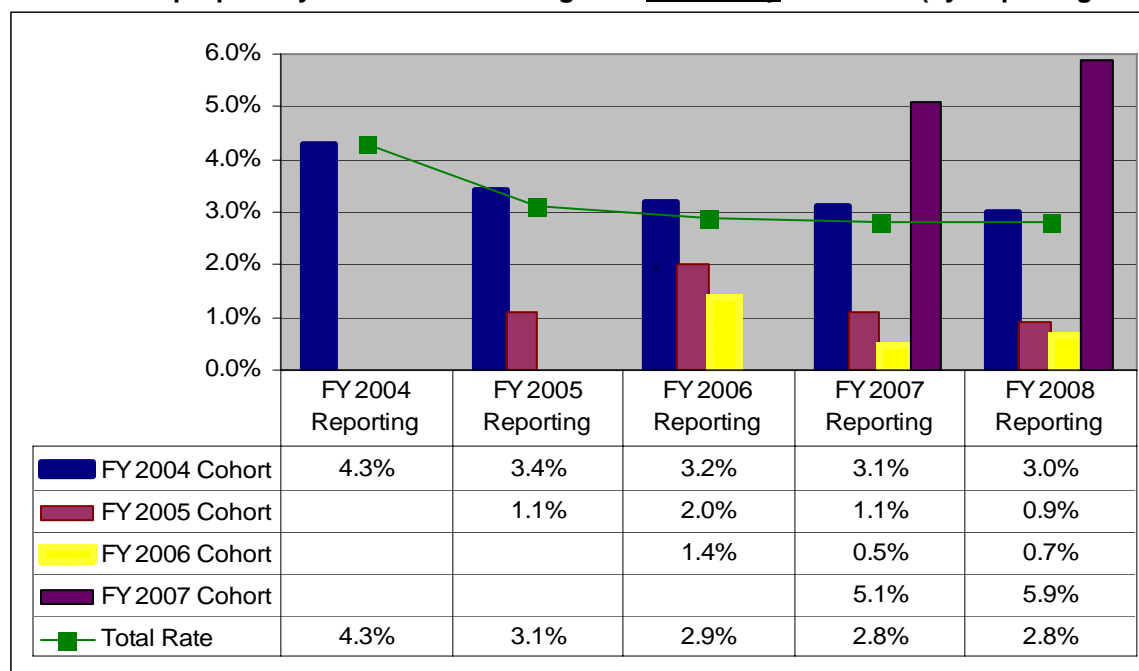
¹ Agency-specific reporting of improper payments for FY 2008 is provided in agency Performance and Accountability Reports (PARs) or Agency Financial Reports (AFRs) that are available on agency websites and on the Federal Chief Financial Officers Council's website: <http://www.cfoc.gov/index.cfm>. This report aggregates the results of the agency-specific reports, highlighting accomplishments and remaining challenges.

² Of the nearly \$3.0 trillion in total government outlays in FY 2008, Federal agencies identified \$1.9 trillion as high-risk for improper payments. The remaining \$1.1 trillion in Federal outlays that are not identified as high-risk is comprised of net interest on the public debt, contracts awarded, non-Department of Defense civilian compensation, and miscellaneous low-risk and/or small outlay programs.

The past five reporting years have shown that once an agency measures and reports program errors, it is able to implement corrective actions to reduce errors in subsequent years. Most profoundly, improvements in the programs originally reporting measurements in FY 2004 (i.e., the FY 2004 cohort) decreased errors from 4.3 percent in FY 2004 to 3.0 percent in FY 2008. In addition, agencies reduced the overall improper payment rate for programs previously measured (i.e., the rate for all programs regardless of year first measured) from 4.3 percent in FY 2004 to 2.8 percent in FY 2008. Exhibit 2 summarizes annual cohort and government-wide improper payment rates for all five years of IPIA reporting for programs previously measured.³ Program-specific improvements for FY 2008 include the following.

- The error rate for the Old Age, Survivors & Disability Insurance program fell from .5 percent to .3 percent, a \$541 million reduction in improper payments.
- The error rate for the Medicare Fee-For-Service program declined from 3.9 percent to 3.6 percent this year, a \$400 million reduction. This is the fifth consecutive year of error rate reductions in this program. In Fiscal Year 2004, the Medicare Fee-for-Service program reported a 10.1 percent error rate.
- The error rate for the Food Stamps program fell from 6.0 percent to 5.6 percent, an \$81 million reduction in improper payments and the lowest error rate in the history of this program.

Exhibit 2 – Improper Payment Rates For Programs Previously Measured (by Reporting Year)



Overall, improper payments for all FY 2008 measured programs totaled \$72.1 billion with an error rate of 3.9 percent (Appendix 3), compared to the FY 2007 improper payment amount of \$42.1 billion with

³ The FY 2007 cohort error rate reported in this year's report differs from the rate reported in last year's report (http://www.whitehouse.gov/omb/financial/fia/2007_ipia_final.pdf). Last year, the Medicaid Fee-for-Service component reported a preliminary error of 18.45 percent based on a review of 17 states for quarters 1 and 2 of FY 2006. In FY 2008, HHS completed the FY 2006 measurement of the Fee-for-Service component and reported an adjusted rate of 4.7 percent. In HHS' FY 2008 PAR, Medicaid reported a measurement on all of its components, and for the purpose of this report is now considered the first full year of Medicaid reporting (Exhibit 3).

an error rate of 2.8 percent.⁴ Much of the increase in the error rate and amount was driven by 12 programs that, in FY 2008, reported improper payment rates for the first time (Exhibit 3). Combined, these 12 programs reported an error rate of 10.3 percent with improper payments of \$28.9 billion. Medicaid and Medicare Advantage (Part C) accounted for more than 85 percent of the newly reported \$28.9 billion in errors. Notably, 70 percent of the errors in all of these newly measured programs were attributable to administrative errors including inadequate documentation. That is, all of the supporting documentation necessary to verify the accuracy of the claim or payment request was either not provided or not in the file. This cause is similar to what the Medicare Fee-for-Service program experienced and quickly resolved in its first years of reporting under the IPIA (decreasing its error rate from 10.1 percent in FY 2004 to 3.6 percent in FY 2008).

Exhibit 3 – Improper Payments in Programs Newly Measured in FY 2008 (\$ in millions)

Program Name	Improper Payments	Error Rate
Medicaid	18,642.0	10.5%
Medicare Advantage (Part C)	6,848.0	10.6%
Temporary Assistance for Needy Families (TANF)	1,663.0	9.3%
State Children's Health Insurance Program (SCHIP)	834.4	14.7%
Child Care and Development Fund (CCDF)	573.0	11.5%
Immigration and Customs Enforcement (ICE) Federal Protective Service	267.0	36.9%
U.S. Coast Guard (USCG) Active Duty Military Payroll	21.0	0.9%
Veterans Administration (VA) CHAMPVA	17.1	3.2%
ICE Detention and Removal Operations	10.0	0.8%
ICE Investigations	4.0	1.8%
Transportation Security Agency (TSA) Aviation Security - Payroll	2.0	0.1%
USCG Contract Payments	0.0	0.0%
Total	\$28,881.5	10.3%

FY 2008 also marked the fifth year of reporting under the Recovery Auditing Act (Appendix 4) which allows agencies to recover erroneous contract payments.⁵ Reporting under the Recovery Auditing Act differs from the IPIA in that the Recovery Auditing Act does not require Federal agencies to report a statistically-based error measurement. Rather, the Recovery Auditing Act focuses on reviewing contract payments for overpayments and duplicate payments and *recovering* those payment errors.

⁴ The error amount and error rate for FY 2007 were revised from the previously reported amounts to reflect the inclusion of Medicaid in the FY 2008 cohort (as discussed in footnote 3).

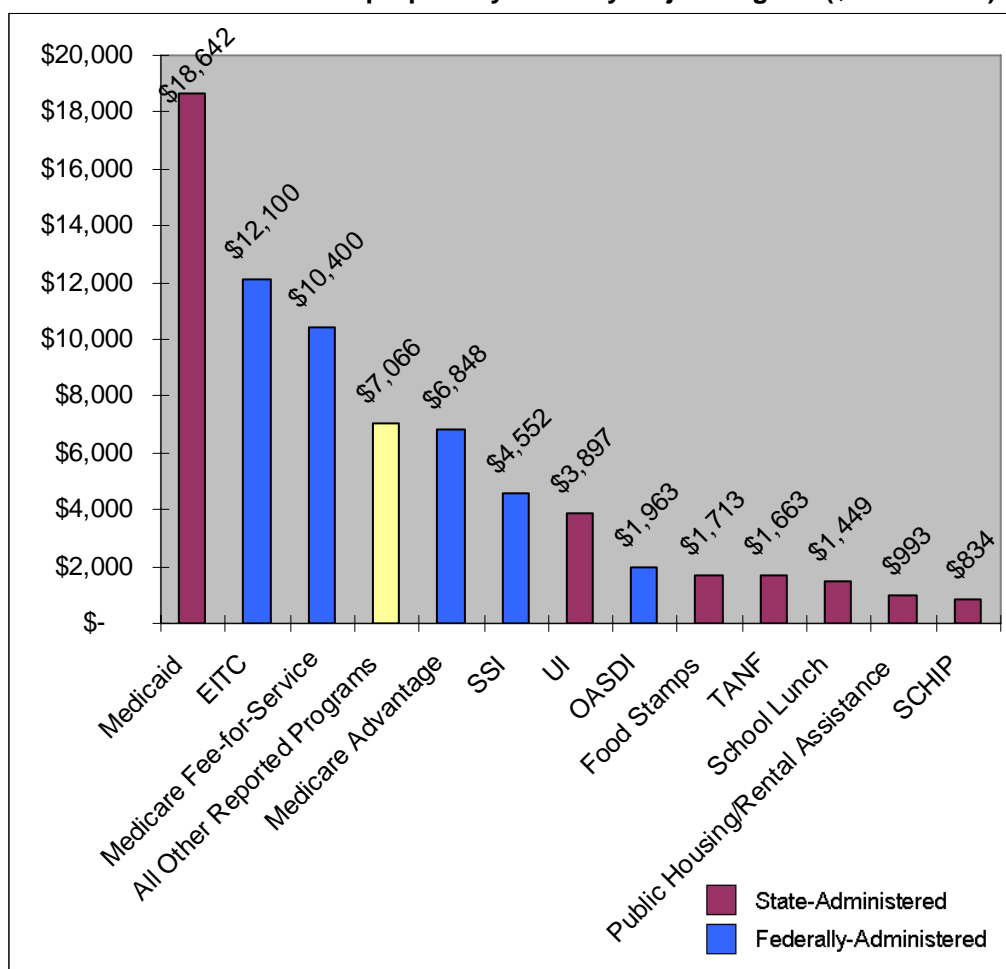
⁵ Four CFO Act agencies (i.e., the Nuclear Regulatory Commission, the National Science Foundation, the Office of Personnel Management, and the Small Business Administration) are not subject to the Recovery Auditing Act since they do not award annual contracts that exceed \$500 million.

Agencies identified approximately \$173.3 million in erroneous contract payments in FY 2008 and recovered \$132.4 million, or 76.4 percent. Four agencies (i.e., the Department of Defense, the Department of Veterans Affairs, the Department of State, and the Agency for International Development) accounted for 78.4 percent of the recovered dollars. Over the past five years, Federal agencies have recovered \$982 million in improper contract payments, reflecting a cumulative recovery rate of 52.5 percent.

III. FY 2008 ANALYSIS

In FY 2008, 12 programs accounted for approximately 90 percent of reported improper payments (approximately \$65.1 billion of the \$72.1 billion in total improper payments). The 12 programs included four programs newly measured in FY 2008: Medicaid, Medicare Advantage (Part C), SCHIP, and TANF. Exhibit 4 details the amount of improper payments in each of these 12 programs (and all other FY 2008 reported programs).

Exhibit 4 - FY 2008 Amount of Improper Payments by Major Program (\$ in millions)



Most of the programs in Exhibit 4 are means-tested programs, including the two programs reporting the most improper payments: Medicaid and the Earned Income Tax Credit (EITC) program. To receive benefits from a means-tested program, applicants' income must fall below defined levels and they may also have to meet other eligibility criteria. Eligibility is often difficult to verify in means-tested programs because similar eligibility criteria are often defined differently under different programs (e.g., household) requiring separate and distinct practices to verify eligibility for each program. Further,

eligibility often changes over time (i.e., a person may be eligible one month but may not be eligible another month).

Breaking-out the 12 programs identified in Exhibit 4 based on whether they are administered by states or the Federal government, shows a distinct difference in their reported errors. The combined error rate for the five Federally-administered programs was 1.4 percent while the combined error rate for the seven State-administered programs was 3.5 percent.⁶ The lower error rate among Federally-administered programs may be due to having standard eligibility rules across the program. State-administered programs must follow Federal eligibility regulations; however, each state can define additional (and unique) eligibility requirements. These unique state variances may increase the challenges of administering these programs and could contribute to the higher error rates.

The causes of program errors also differ across State and Federally-administered programs (Exhibit 5). As we have noted in previous reports, program errors generally fall into three categories: administrative and documentation, authentication and medical necessity, and verification and local administration. Error root causes across all measured programs (i.e., State and Federal) are distributed almost equally in the three error categories when State and Federally-administered programs are viewed together. However, the error distribution differs when programs are grouped by State and Federally-administered categories. Specifically, the majority of errors in State-administered programs are administrative and documentation errors, largely driven by Medicaid. Federally-administered programs report a higher percentage of authentication errors, largely driven by EITC (i.e., living arrangement) and Medicare Fee-for-Service (i.e., medical necessity).

Exhibit 5 – Causes of Error in the 12 State and Federally-Administered Programs Reporting the Most Improper Payments

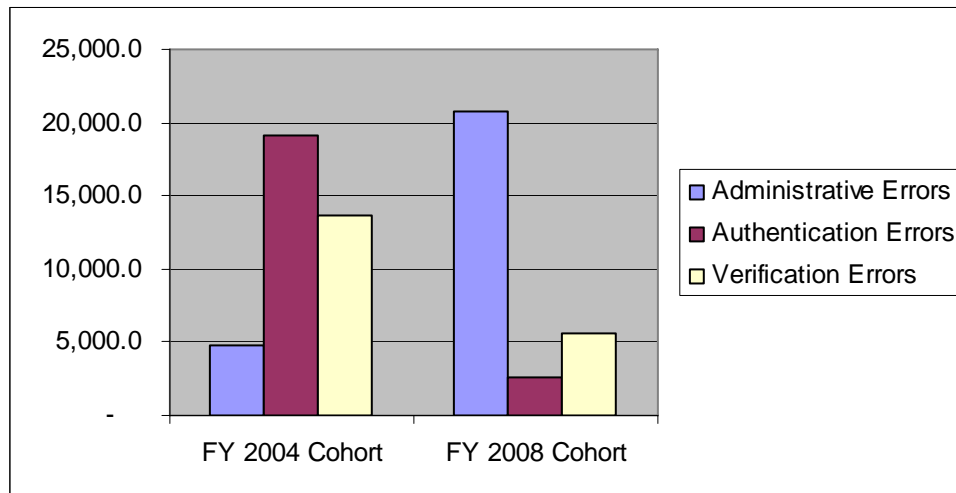
Error Category	Error Definitions	State-Administered Programs	Federally-Administered Programs	All Programs
Administrative and Documentation Errors	Lacking supporting documentation necessary to verify the accuracy of the claim; or errors due to inputting, classifying, or processing applications or payments incorrectly at the Federal level	46.6%	30.7%	38.2%
Authentication and Medical Necessity Errors	Inability to authenticate criteria such as living arrangement through third party sources or incorrectly assessing the necessity of a medical procedure	13.1%	50.7%	31.7%
Verification and Local Administration Errors	Not verifying recipient information including earnings, income, assets, or work status; or errors due to inputting, classifying, or processing applications or payments incorrectly by a State agency or third party who is not the beneficiary	40.2%	18.7%	30.1%

Knowing the causes of program error is essential for taking corrective actions. Exhibit 6 shows the difference in root cause of error between the programs measured in FY 2008 that were first measured in FY 2004 versus those programs measured for the first time in FY 2008. Notably, administrative errors (e.g., documentation) in programs first reporting in FY 2004 are relatively small (approximately \$6.6

⁶ The higher error rate for State-administered programs was driven by several programs that were measured for the first time in FY 2008, including Medicaid, SCHIP, and TANF.

billion) whereas administrative errors in the programs first reporting in FY 2008 exceeds \$20 billion. Over the past five-years, documentation errors have proven to be the most frequent cause of error among newly measured programs and are among the first to be resolved. As noted in last year's report, once documentation errors are reduced, the remaining causes of program error (e.g., verification or authentication) prove to be more difficult to remediate.

Exhibit 6 – FY 2008 Causes of Improper Payments by Year First Reported (\$ in millions)



IV. FUTURE OUTLOOK AND CONCLUSION

To further reduce the \$72.1 billion in payment errors, Federal agencies must overcome significant obstacles to address error root causes and will need additional tools and resources to meet this steep goal. Federal agencies can achieve the greatest return on investment for the taxpayer by ensuring that improper payments are eliminated in the highest-risk programs (i.e., the 12 programs that comprise 90 percent of government-wide reported improper payment dollars). In pursuing these reforms, the government must balance its responsibilities for reducing improper payments with the goal of providing fast and accurate payments to millions of beneficiaries.

Program integrity reform is critical to the Federal government's efforts to eliminate improper payments. One such reform would allow adjustments for spending above a base level of funding within discretionary levels (or "cap adjustments"). These adjustments would provide additional resources for administrative program integrity and tax compliance efforts at the Social Security Administration, Internal Revenue Service, Department of Health and Human Services (HHS), Department of Labor, and their respective Offices of Inspector General. Program data show that these funds would generate program efficiencies that result in large, positive returns on investment for taxpayers as high as 11:1 and produce savings estimated as high as \$3.9 billion over ten years. Other reforms could include: (1) modernizing administrative processes for means-tested programs and (2) piloting programs to test potential accountability mechanisms with appropriate incentives and consequences tied to success in measuring and reducing errors (similar to the incentives and sanctions in the Food Stamp program).

In FY 2008, two pieces of legislation were enacted providing agencies and programs additional tools to reduce and recover improper payments by reducing administrative and verification errors.

- The Food, Conservation and Energy Act of 2008 (Pub.L. No. 110-234) included a provision that allows the Federal government to trace and recover federal payments sent electronically to the wrong account (For instance, the Federal government could recover misdirected and/or improper electronic tax refunds, Thrift Savings Plan withdrawals, and Office of Personnel Management annuity payments). This new authority will prevent improper payments from being accessed by

incorrect recipients and/or in incorrect amounts. The savings from this law are projected to be \$53 million the first year and \$717 million over ten years.

- The Supplemental Security Income Extension for Elderly and Disabled Refugees Act (Pub.L. No. 110-328) included a provision that allows states to recover unemployment compensation debts due to fraud from Federal income tax refunds. This new authority will potentially save as much as \$1.3 billion over ten years.

Last year's report discussed other proposals that were not enacted but could provide further savings in the Old Age, Survivors & Disability Insurance and Earned Income Tax Credit programs.⁷ If enacted, these proposals could have saved approximately \$10 billion over 10 years.

Further, agencies continue to implement previous proposals to reduce improper payments. The Department of Education and the Internal Revenue Service, consistent with Section 484(q) of the Higher Education Act and Section 6103(c) of the Internal Revenue Code, are continuing to implement a process to verify students' (and their parents') income, tax and certain household information appearing on their income tax return that they provided as part of their application for Federal student aid. Scheduled for implementation as early as calendar year 2010, this proposal will significantly reduce improper payments in the Pell Grant program that are a result of verification errors. This process could save much of the Pell Grant's estimated \$400 million in annual improper payments.

Last year, this report also highlighted legislation (Pub.L. No. 109-432) that required the Secretary of HHS to expand the Medicare Recovery Audit Contractor demonstration to all states. This demonstration recouped Medicare Trust Fund dollars that were improperly paid to hospitals, physicians, and other health care providers and ended on March 27, 2008. Over three years, the demonstration program collected \$992.7 million in payments determined to be improper and returned \$693.6 million to the Medicare Trust Fund. Contracts were awarded in October 2008 to four companies that will expand the Recovery Audit Contractor effort to all 50 states by FY 2010. This effort is an innovative method to eliminate and recover improper payments caused by administrative and documentation errors and authentication and medical necessity errors.

A critical component of agency compliance with the IPIA is establishing corrective action plans and future year projections for improved performance in reducing improper payments (Appendix 5). These projections reflect the reduction in improper payments that each agency believes it can achieve, accounting for process and internal control improvements, resource constraints, and other relevant factors. Exhibit 7 identifies the out-year improper payment rates based on agencies that reported projections in their FY 2008 PARs or AFRs.

Exhibit 7 – Estimated Improper Payment Reduction Targets for Reporting in FY 2009 Through FY 2011⁸

	FY 2009 (Projected)	FY 2010 (Projected)	FY 2011 (Projected)
FY 2004 Cohort	2.8%	2.7%	2.7%
FY 2005 Cohort	0.8%	0.8%	0.7%
FY 2006 Cohort	0.5%	0.5%	0.4%
FY 2007 Cohort	5.7%	5.4%	5.3%

⁷ The report is available at http://www.whitehouse.gov/omb/financial/fia/2007_ipia_final.pdf.

⁸ This exhibit does not include the estimated improper payment reduction targets for the FY 2008 cohort because four newly reported programs (i.e., Medicaid, Medicare Advantage, TANF, and SCHIP) have yet to establish and publish reduction targets. Reduction targets for eight of the newly reported programs are included in Appendix 5.

Looking ahead, Federal leadership must ensure that improper payment remediation remains a top management priority for agencies. Further, additional actions are needed to implement effective and sustainable approaches to improper payments, including the following:

- *Prepare rigorous cost/benefit analyses for program integrity activities.* Without such analyses, Federal agencies lack a fundamental tool for determining how to best allocate resources to ensure error reduction targets are met without compromising the quality of program delivery.
- *Implement cross-cutting solutions for verifying eligibility of Federal fund recipients.* This report concludes that one of the primary causes of payment error across government is our inability to verify eligibility through third party data sources or other mechanisms. To address this, we must eliminate legislative and regulatory barriers to data access, evaluate opportunities to standardize definitions for eligibility criteria to create more opportunities for third party data matches, and initiate safeguards that balance expanded access with data privacy and security concerns.

**Appendix 1: FY 2008 Risk Susceptible Program Outlays as Reported
in FY 2008 PARs and AFRs**

**Appendix 1: FY 2008 Risk Susceptible Program Outlays as Reported in FY 2008 PARs and AFRs
by Program (\$ in millions)**

<u>1st Year of High- Risk</u>	<u>Program Name</u>	<u>FY 2008 (est.) Outlays (\$)</u>	<u>Percent (%) of Agency Total</u>
Department of Agriculture			
2004	Federal Crop Insurance	\$3,508.0	3.9%
2004	Food Stamps	\$30,373.3	33.5%
2005	Farm Security & Rural Investment	\$1,137.7	1.3%
2005	Loan Deficiency Payments	\$134.5	0.1%
2004	Marketing Assistance Loan	\$4,981.0	5.5%
2005	Milk Income Loss	\$155.2	0.2%
2004	Rental Assistance	\$886.9	1.0%
2005	Wildland Fire Suppression	\$1,370.0	1.5%
2004	Child and Adult Care Food - FDC Homes- Tiering Component	\$728.0	0.8%
2006	Conservation Reserve	\$1,888.1	2.1%
2006	Direct & Counter-Cyclical Payments	\$7,144.4	7.9%
2006	Farm Service Disaster	\$153.7	0.2%
2006	Non-insured Assistance	\$125.9	0.1%
2004	Special Nutrition Program for Women, Infants, and Children (WIC) Vendor Error Component	\$3,950.0	4.4%
2004	School Breakfast	\$2,150.0	2.4%
2004	School Lunch	\$8,756.0	9.6%
	<i>Risk Total</i>	<i>\$67,442.4</i>	<i>74.3%</i>
	<i>Other Outlays</i>	<i>\$23,352.6</i>	<i>25.7%</i>
	<i>Outlay Total</i>	<i>\$90,795.0</i>	<i>100.0%</i>
Department of Defense--Military			
2004	Military Health Benefits	\$8,900.0	1.5%
2004	Military Retirement Benefits	\$35,640.8	6.0%
2005	Military Pay	\$72,083.3	12.1%
2006	Civilian Pay	\$26,412.7	4.4%
2006	Travel Pay	\$5,213.2	0.9%
	<i>Risk Total</i>	<i>\$148,250.0</i>	<i>24.9%</i>
	<i>Other Outlays</i>	<i>\$446,407.0</i>	<i>75.1%</i>
	<i>Outlay Total</i>	<i>\$594,657.0</i>	<i>100.0%</i>
Department of Education			
2004	Pell Grants	\$14,927.0	22.6%
2005	Federal Family Education Loan (FFEL)	\$22,835.0	34.6%
2004	Title I - Grants to States	\$12,597.0	19.1%
	<i>Risk Total</i>	<i>\$50,359.0</i>	<i>76.3%</i>
	<i>Other Outlays</i>	<i>\$15,601.0</i>	<i>23.7%</i>
	<i>Outlay Total</i>	<i>\$65,960.0</i>	<i>100.0%</i>

**Appendix 1: FY 2008 Risk Susceptible Program Outlays as Reported in FY 2008 PARs and AFRs
by Program (\$ in millions)**

<u>1st Year of High- Risk</u>	<u>Program Name</u>	<u>FY 2008 (est.) Outlays (\$)</u>	<u>Percent (%) of Agency Total</u>
Department of Health and Human Services			
2004	HeadStart	\$6,878.0	1.0%
2004	Medicare Fee-for-Service (FFS)	\$288,200.0	42.5%
2004	Foster Care-Title IV-E	\$1,551.0	0.2%
2004	Child Care and Development Fund (CCDF)	\$4,983.0	0.7%
2004	Medicaid	\$177,547.0	26.2%
2006	Medicare Advantage (Part C)	\$64,600.0	9.5%
2004	State Children's Health Insurance Program (SCHIP)	\$5,676.0	0.8%
2004	Temporary Assistance for Needy Families (TANF)	\$17,880.0	2.6%
2006	Medicare Prescription Drug Benefit (Part D)	\$46,127.0	6.8%
	<i>Risk Total</i>	<i>\$613,442.0</i>	<i>90.5%</i>
	<i>Other Outlays</i>	<i>\$64,376.0</i>	<i>9.5%</i>
	<i>Outlay Total</i>	<i>\$677,818.0</i>	<i>100.0%</i>
Department of Homeland Security			
2006	Disaster Relief Fund Vendor Payments	\$1,908.0	4.7%
2006	Individuals & Households Program	\$636.0	1.6%
2007	CBP Custodial Refund & Drawback	\$7,118.0	17.5%
2007	Aviation Security - Payroll	\$2,012.0	5.0%
2007	Detention and Removal Operations	\$1,232.0	3.0%
2006	Federal Protective Service	\$723.0	1.8%
2007	ICE Investigations	\$227.0	0.6%
2007	USCG Active Duty Military Payroll	\$2,448.0	6.0%
2007	USCG Contract Payments	\$1,811.0	4.5%
2007	Assistance to Firefighters	\$485.0	1.2%
2007	Homeland Security Grant Program	\$2,041.0	5.0%
2007	Infrastructure Protection Program	\$112.0	0.3%
2007	National Flood Insurance Program	\$55.0	0.1%
2007	Public Assistance Programs	\$3,481.0	8.6%
	<i>Risk Total</i>	<i>\$24,289.0</i>	<i>59.8%</i>
	<i>Other Outlays</i>	<i>\$16,321.0</i>	<i>40.2%</i>
	<i>Outlay Total</i>	<i>\$40,610.0</i>	<i>100.0%</i>
Department of Housing and Urban Development			
2004	Public Housing / Rental Assistance	\$28,152.0	57.3%
	<i>Risk Total</i>	<i>\$28,152.0</i>	<i>57.3%</i>
	<i>Other Outlays</i>	<i>\$20,936.1</i>	<i>42.7%</i>
	<i>Outlay Total</i>	<i>\$49,088.0</i>	<i>100.0%</i>

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<u>1st Year of High- Risk</u>	<u>Program Name</u>	<u>FY 2008 (est.) Outlays (\$)</u>	<u>Percent (%) of Agency Total</u>
Department of Labor			
2004	Federal Employees Compensation Act (FECA)	\$2,737.0	5.0%
2004	Unemployment Insurance (UI)	\$39,123.0	70.9%
2004	Workforce Investment Act (WIA)	\$3,547.0	6.4%
	<i>Risk Total</i>	<i>\$45,407.0</i>	<i>82.3%</i>
	<i>Other Outlays</i>	<i>\$9,785.0</i>	<i>17.7%</i>
	<i>Outlay Total</i>	<i>\$55,192.0</i>	<i>100.0%</i>
Department of State			
2007	Business Class Travel	\$25.8	0.2%
	<i>Risk Total</i>	<i>\$25.8</i>	<i>0.2%</i>
	<i>Other Outlays</i>	<i>\$16,490.2</i>	<i>99.8%</i>
	<i>Outlay Total</i>	<i>\$16,516.0</i>	<i>100.0%</i>
Department of the Treasury			
2004	Earned Income Tax Credit (EITC)	\$47,600.0	8.7%
	<i>Risk Total</i>	<i>\$47,600.0</i>	<i>8.7%</i>
	<i>Other Outlays</i>	<i>\$501,210.0</i>	<i>91.3%</i>
	<i>Outlay Total</i>	<i>\$548,810.0</i>	<i>100.0%</i>
Department of Transportation			
2004	FHWA Highway Planning/Construction	\$32,190.0	49.9%
2004	FAA Airport Improvement Program	\$4,428.0	6.9%
2004	FTA Capital Investment Grants Program	\$2,473.0	3.8%
2004	FTA Formula Grants Program	\$7,298.0	11.3%
	<i>Risk Total</i>	<i>\$46,389.0</i>	<i>71.9%</i>
	<i>Other Outlays</i>	<i>\$18,122.0</i>	<i>28.1%</i>
	<i>Outlay Total</i>	<i>\$64,511.0</i>	<i>100.0%</i>
Department of Veterans Affairs			
2004	Compensation/Dependency & Indemnity	\$33,727.0	40.0%
2004	Education	\$2,856.0	3.4%
2004	Pension	\$3,663.0	4.3%
2005	Loan Guaranty	\$903.0	1.1%
2007	Fee Program	\$1,941.0	2.3%
2008	CHAMPVA	\$538.7	0.6%
	<i>Risk Total</i>	<i>\$43,628.7</i>	<i>51.8%</i>
	<i>Other Outlays</i>	<i>\$40,597.3</i>	<i>48.2%</i>
	<i>Outlay Total</i>	<i>\$84,226.0</i>	<i>100.0%</i>

**Appendix 1: FY 2008 Risk Susceptible Program Outlays as Reported in FY 2008 PARs and AFRs
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<u>1st Year of High- Risk</u>	<u>Program Name</u>	<u>FY 2008 (est.) Outlays (\$)</u>	<u>Percent (%) of Agency Total</u>
Environmental Protection Agency			
2004	Clean & Drinking Water State Revolving Fund (SRF)	\$2,100.0	27.2%
	<i>Risk Total</i>	\$2,100.0	27.2%
	<i>Other Outlays</i>	\$5,629.9	72.8%
	<i>Outlay Total</i>	\$7,729.9	100.0%
Federal Communications Commission			
2005	Universal Service Fund - High Cost	\$4,164.4	54.4%
2007	Universal Service Fund - Low Income	\$794.7	10.4%
2005	Universal Service Fund - Schools and	\$1,686.2	22.0%
	<i>Risk Total</i>	\$6,645.3	86.9%
	<i>Other Outlays</i>	\$1,004.7	13.1%
	<i>Outlay Total</i>	\$7,650.0	100.0%
International Assistance Programs			
2005	USAID Cash Transfers	\$2,187.0	19.2%
2005	USAID Contracts	\$5,767.0	50.6%
2005	USAID Grants & Cooperative Agreements	\$3,126.0	27.4%
	<i>Risk Total</i>	\$11,080.0	97.2%
	<i>Other Outlays</i>	\$325.0	2.8%
	<i>Outlay Total</i>	\$11,405.0	100.0%
Office of Personnel Management			
2004	Federal Employee Health Benefit Program	\$35,323.5	31.9%
2004	Federal Employee Life Insurance Program	\$2,487.7	2.2%
2004	Federal Employee Retirement Programs	\$63,025.0	56.9%
	<i>Risk Total</i>	\$100,836.2	91.0%
	<i>Other Outlays</i>	\$9,926.8	9.0%
	<i>Outlay Total</i>	\$110,763.0	100.0%
Railroad Retirement Board			
2004	Railroad Unemployment Insurance Program	\$107.0	0.9%
2004	Retirement and Survivors Benefits	\$9,812.5	79.1%
	<i>Risk Total</i>	\$9,919.5	80.0%
	<i>Other Outlays</i>	\$2,486.5	20.0%
	<i>Outlay Total</i>	\$12,406.0	100.0%

**Appendix 1: FY 2008 Risk Susceptible Program Outlays as Reported in FY 2008 PARs and AFRs
by Program (\$ in millions)**

<u>1st Year of High- Risk</u>	<u>Program Name</u>	<u>FY 2008 (est.) Outlays (\$)</u>	<u>Percent (%) of Agency Total</u>
Small Business Administration			
2004	(504) Certified Development Company Debentures (CDC)	\$5,245.6	19.4%
2004	Disaster Assistance Loans	\$825.8	3.0%
2004	Small Business Investment Centers (SBIC)	\$2,283.0	8.4%
2004	7(a) Business Loans	\$1,230.9	4.5%
2007	7(a) Guaranty Approvals	\$11,739.1	43.3%
2007	CDC Loans Guaranteed	\$5,245.6	19.4%
	<i>Risk Total</i>	<i>\$26,570.0</i>	<i>98.1%</i>
	<i>Other Outlays</i>	<i>\$528.0</i>	<i>1.9%</i>
	<i>Outlay Total</i>	<i>\$27,098.0</i>	<i>100.0%</i>
Social Security Administration			
2004	Old Age, Survivors & Disability Insurance (OASDI)	\$576,800.0	87.7%
2004	Supplemental Security Income (SSI)	\$42,600.0	6.5%
	<i>Risk Total</i>	<i>\$619,400.0</i>	<i>94.2%</i>
	<i>Other Outlays</i>	<i>\$38,389.0</i>	<i>5.8%</i>
	<i>Outlay Total</i>	<i>\$657,789.0</i>	<i>100.0%</i>
	Risk Total	\$1,891,536.0	63.5%
	Risk Total with Measurement	\$1,839,235.0	
	Other Outlay Total (including net interest on the public debt)	\$1,086,897.0	36.5%
	TOTAL FEDERAL OUTLAYS	\$2,978,433.0	100.0%

**Appendix 1: FY 2008 Risk Susceptible Program Outlays as Reported in FY 2008 PARs and AFRs
by Program (\$ in millions)**

Notes:

¹ The outlay amounts shown for agencies with credit programs reflect disbursements and/or loan approvals.

² Figure includes additional funds representing loan approvals that are not included in the overall Federal outlay figure for FY 2008, such as the ones referenced in Note 1 (above).

³ The source for the total outlay figure is the Combined Statement of Receipts, Outlays, and Balances, 2008 Combined Statement, available at: <http://www.fms.treas.gov/annualreport/index.html>.

**Appendix 2: Outlays for Risk Susceptible Programs Not Reporting
Measurements in FY 2008**

Appendix 2: Outlays for Risk Susceptible Programs Not Reporting Measurements in FY 2008
(\$ in millions)

<u>1st Year</u> <u>of High-</u> <u>Risk</u>	<u>Program Name</u>	<u>Rate</u> <u>Expected</u>	<u>FY 2008</u> <u>(est.)</u> <u>Outlays (\$)</u>	<u>Percent</u> <u>(%) of</u> <u>Agency</u> <u>Total</u>
Department of Health and Human Services				
2006	Medicare Prescription Drug Benefit (Part D)	FY 2010	\$46,127.0	100.0%
	<i>Subtotal of Unmeasured</i>		\$46,127.0	
Department of Homeland Security				
2007	Assistance to Firefighters	FY 2009	\$485.0	7.9%
2007	Homeland Security Grant Program	FY 2009	\$2,041.0	33.1%
2007	Infrastructure Protection Program	FY 2009	\$112.0	1.8%
2007	National Flood Insurance Program	FY 2009	\$55.0	0.9%
2007	Public Assistance Programs	FY 2009	\$3,481.0	56.4%
	<i>Subtotal of Unmeasured</i>		\$6,174.0	
	Outlay Total Where Measurement not Reported		\$52,301.0	1.8%
	Outlay Total Where Measurement Reported		\$1,839,235.0	61.8%
	Outlay Total for All High Risk Outlays		\$1,891,536.0	
	Other Outlays		\$1,086,897.0	36.5%
	TOTAL FEDERAL OUTLAYS		\$2,978,433.0	100.0%

**Appendix 3: Improper Payments Reported Between FY 2004 and FY 2008 in PARs
and AFRs by Program**

Appendix 3: Improper Payments Reported Between FY 2004 and FY 2008 in PARs and AFRs by Program (\$ in millions)

1st Rate Program Name		FY 2004 Reported			FY 2006 Reported			FY 2007 Reported			FY 2008 Reported		
		<u>Outlays</u>	<u>Dollars</u>	<u>Rate</u>	<u>Outlays</u>	<u>Dollars</u>	<u>Rate</u>	<u>Outlays</u>	<u>Dollars</u>	<u>Rate</u>	<u>Outlays</u>	<u>Dollars</u>	<u>Rate</u>
Department of Agriculture¹													
2004	Federal Crop Insurance	\$2,500.0	\$125.0	5.0%	\$3,206.0	\$62.0	1.9%	\$2,364.0	\$63.0	2.7%	\$3,508.0	\$164.9	4.7%
2004	Food Stamps	\$24,298.0	\$1,613.0	6.6%	\$28,160.0	\$1,645.0	5.8%	\$29,942.0	\$1,794.0	6.0%	\$30,373.3	\$1,713.4	5.6%
2005	Farm Security & Rural Investment				\$1,375.0	\$3.0	0.2%	\$227.0	\$1.0	0.4%	\$1,137.7	\$0.0	0.0%
2005	Loan Deficiency Payments				\$4,790.0	\$443.0	9.2%	\$4,071.0	\$18.0	0.4%	\$134.5	\$0.8	0.6%
2005	Marketing Assistance Loan				\$7,950.0	\$1,611.0	20.3%	\$6,306.0	\$458.0	7.3%	\$4,981.0	\$91.7	1.8%
2005	Milk Income Loss							\$351.0	\$8.0	2.3%	\$155.2	\$0.3	0.2%
2005	Rental Assistance				\$569.0	\$22.0	3.9%	\$855.0	\$26.0	3.0%	\$886.9	\$35.0	3.9%
2005	Wildland Fire Suppression				\$285.0	\$7.0	2.5%	\$1,412.0	\$13.0	0.9%	\$1,370.0	\$0.2	0.0%
2006	Child and Adult Care Food - FDC Homes-Tiering Component				\$864.0	\$16.0	1.9%	\$738.0	\$12.0	1.6%	\$728.0	\$11.4	1.6%
2006	Conservation Reserve				\$1,815.0	\$64.0	3.5%	\$1,851.0	\$9.0	0.5%	\$1,888.1	\$23.9	1.3%
2006	Direct & Counter-Cyclical Payments				\$8,546.0	\$424.0	5.0%	\$9,550.0	\$37.0	0.4%	\$7,144.4	\$47.2	0.7%
2006	Farm Service Disaster				\$2,365.0	\$291.0	12.3%	\$368.0	\$25.0	6.8%	\$153.7	\$4.8	3.1%
2006	Non-insured Assistance				\$109.0	\$25.0	22.9%	\$64.0	\$8.0	12.5%	\$125.9	\$17.8	14.1%
2006	Special Nutrition Program for Women, Infants, and Children (WIC) Vendor Error Component				\$3,525.0	\$21.0	0.6%	\$3,598.0	\$25.0	0.7%	\$3,950.0	\$34.0	0.9%
2007	School Breakfast							\$2,086.0	\$520.0	24.9%	\$2,150.0	\$538.0	25.0%
2007	School Lunch							\$8,602.0	\$1,402.0	16.3%	\$8,756.0	\$1,449.0	16.5%
	<i>Subtotal of Measured Programs</i>	<i>\$26,798.0</i>	<i>\$1,738.0</i>	<i>6.5%</i>	<i>\$63,559.0</i>	<i>\$4,634.0</i>	<i>7.3%</i>	<i>\$72,385.0</i>	<i>\$4,419.0</i>	<i>6.1%</i>	<i>\$67,442.4</i>	<i>\$4,132.5</i>	<i>6.1%</i>
Department of Defense--Military													
2004	Military Health Benefits	\$4,600.0	\$100.0	2.2%	\$8,651.1	\$83.5	1.0%	\$9,500.0	\$88.6	0.9%	\$8,900.0	\$178.0	2.0%
2004	Military Retirement Benefits	\$35,800.0	\$34.0	0.1%	\$35,897.1	\$49.4	0.1%	\$37,116.4	\$48.7	0.1%	\$35,640.8	\$44.0	0.1%
2005	Military Pay				\$72,437.4	\$65.9	0.1%	\$72,889.1	\$370.0	0.5%	\$72,083.3	\$434.6	0.6%
2006	Civilian Pay				\$33,163.4	\$16.7	0.1%	\$29,159.3	\$74.6	0.3%	\$26,412.7	\$73.9	0.3%
2006	Travel Pay				\$5,212.2	\$29.4	0.6%	\$5,779.6	\$43.6	0.8%	\$5,213.2	\$103.3	2.0%
	<i>Subtotal of Measured Programs</i>	<i>\$40,400.0</i>	<i>\$134.0</i>	<i>0.3%</i>	<i>\$155,361.2</i>	<i>\$244.9</i>	<i>0.2%</i>	<i>\$154,444.4</i>	<i>\$625.5</i>	<i>0.4%</i>	<i>\$148,250.0</i>	<i>\$833.8</i>	<i>0.6%</i>

Appendix 3: Improper Payments Reported Between FY 2004 and FY 2008 in PARs and AFRs by Program (\$ in millions)

1st Rate Program Name		FY 2004 Reported			FY 2006 Reported			FY 2007 Reported			FY 2008 Reported		
		<u>Outlays</u>	<u>Dollars</u>	<u>Rate</u>	<u>Outlays</u>	<u>Dollars</u>	<u>Rate</u>	<u>Outlays</u>	<u>Dollars</u>	<u>Rate</u>	<u>Outlays</u>	<u>Dollars</u>	<u>Rate</u>
Department of Education													
2004	Pell Grants	\$12,680.0	\$621.0	4.9%	\$12,117.0	\$422.0	3.5%	\$12,725.0	\$446.0	3.5%	\$14,927.0	\$613.0	4.1%
2005	Federal Family Education Loan (FFEL)				\$18,245.0	\$401.0	2.2%	\$11,718.0	\$258.0	2.2%	\$22,835.0	\$384.0	1.7%
2005	Title I - Grants to States				\$12,597.0	\$25.0	0.2%	\$12,520.0	\$64.8	0.5%	\$12,597.0	\$40.0	0.3%
	<i>Subtotal of Measured Programs</i>	<i>\$12,680.0</i>	<i>\$621.0</i>	<i>4.9%</i>	<i>\$42,959.0</i>	<i>\$848.0</i>	<i>2.0%</i>	<i>\$36,963.0</i>	<i>\$768.8</i>	<i>2.1%</i>	<i>\$50,359.0</i>	<i>\$1,037.0</i>	<i>2.1%</i>
Department of Health and Human Services													
2004	HeadStart	\$6,555.0	\$255.0	3.9%	\$6,786.0	\$210.0	3.1%	\$6,771.0	\$88.0	1.3%	\$6,878.0	\$206.3	3.0%
2004	Medicare Fee-for-Service (FFS)	\$213,546.2	\$21,631.3	10.1%	\$246,800.0	\$10,800.0	4.4%	\$276,200.0	\$10,800.0	3.9%	\$288,200.0	\$10,400.0	3.6%
2005	Foster Care-Title IV-E				\$1,750.0	\$134.0	7.7%	\$1,565.0	\$51.6	3.3%	\$1,551.0	\$99.6	6.4%
2008	Child Care and Development Fund (CCDF)										\$4,983.0	\$573.0	11.5%
2008	Medicaid ²										\$177,547.0	\$18,642.0	10.5%
2008	Medicare Advantage (Part C)										\$64,600.0	\$6,848.0	10.6%
2008	State Children's Health Insurance Program (SCHIP)										\$5,676.0	\$834.4	14.7%
2008	Temporary Assistance for Needy Families (TANF)										\$17,880.0	\$1,663.0	9.3%
	<i>Subtotal of Measured Programs</i>	<i>\$220,101.2</i>	<i>\$21,886.3</i>	<i>9.9%</i>	<i>\$255,336.0</i>	<i>\$11,144.0</i>	<i>4.4%</i>	<i>\$284,536.0</i>	<i>\$10,939.6</i>	<i>3.8%</i>	<i>\$567,315.0</i>	<i>\$39,266.3</i>	<i>6.9%</i>
Department of Homeland Security													
2006	Disaster Relief Fund Vendor Payments				\$6,747.0	\$159.0	2.4%	\$1,782.0	\$42.0	2.4%	\$1,908.0	\$144.0	7.5%
2006	Individuals & Households Program				\$3,902.0	\$334.0	8.6%	\$932.0	\$88.0	9.4%	\$636.0	\$46.0	7.2%
2007	CBP Custodial Refund & Drawback							\$7,119.0	\$9.0	0.1%	\$7,118.0	\$2.0	0.0%
2008	Aviation Security - Payroll										\$2,012.0	\$2.0	0.1%
2008	Detention and Removal Operations										\$1,232.0	\$10.0	0.8%
2008	Federal Protective Service										\$723.0	\$267.0	36.9%
2008	ICE Investigations										\$227.0	\$4.0	1.8%
2008	USCG Active Duty Military Payroll										\$2,448.0	\$21.0	0.9%
2008	USCG Contract Payments										\$1,811.0	\$0.0	0.0%
	<i>Subtotal of Measured Programs</i>				<i>\$10,649.0</i>	<i>\$493.0</i>	<i>4.6%</i>	<i>\$9,833.0</i>	<i>\$139.0</i>	<i>1.4%</i>	<i>\$18,115.0</i>	<i>\$496.0</i>	<i>2.7%</i>

Appendix 3: Improper Payments Reported Between FY 2004 and FY 2008 in PARs and AFRs by Program (\$ in millions)

<u>1st Rate Program Name</u>		<u>FY 2004 Reported</u>			<u>FY 2006 Reported</u>			<u>FY 2007 Reported</u>			<u>FY 2008 Reported</u>		
		<u>Outlays</u>	<u>Dollars</u>	<u>Rate</u>	<u>Outlays</u>	<u>Dollars</u>	<u>Rate</u>	<u>Outlays</u>	<u>Dollars</u>	<u>Rate</u>	<u>Outlays</u>	<u>Dollars</u>	<u>Rate</u>
Department of Housing and Urban Development													
2004	Community Development Block Grant ³	\$4,924.0	\$5.0	0.1%	\$4,832.0	\$4.0	0.1%						
2004	Public Housing / Rental Assistance	\$24,581.0	\$1,707.0	6.9%	\$27,242.0	\$1,464.0	5.4%	\$27,505.0	\$1,519.0	5.5%	\$28,152.0	\$992.5	3.5%
2004	Single Family Housing ³	\$382.0	\$26.0	6.8%									
	<i>Subtotal of Measured Programs</i>	<i>\$29,887.0</i>	<i>\$1,738.0</i>	<i>5.8%</i>	<i>\$32,074.0</i>	<i>\$1,468.0</i>	<i>4.6%</i>	<i>\$27,505.0</i>	<i>\$1,519.0</i>	<i>5.5%</i>	<i>\$28,152.0</i>	<i>\$992.5</i>	<i>3.5%</i>
Department of Labor													
2004	Federal Employees Compensation Act (FECA)	\$2,544.0	\$6.4	0.3%	\$2,555.0	\$0.7	0.0%	\$2,654.0	\$2.6	0.1%	\$2,737.0	\$0.5	0.0%
2004	Unemployment Insurance (UI)	\$37,335.0	\$3,861.0	10.3%	\$30,976.0	\$3,376.0	10.9%	\$31,530.0	\$3,248.0	10.3%	\$39,123.0	\$3,897.0	10.0%
2005	Workforce Investment Act (WIA)				\$3,763.0	\$6.4	0.2%	\$3,606.0	\$2.9	0.1%	\$3,547.0	\$2.5	0.1%
	<i>Subtotal of Measured Programs</i>	<i>\$39,879.0</i>	<i>\$3,867.4</i>	<i>9.7%</i>	<i>\$37,294.0</i>	<i>\$3,383.1</i>	<i>9.1%</i>	<i>\$37,790.0</i>	<i>\$3,253.5</i>	<i>8.6%</i>	<i>\$45,407.0</i>	<i>\$3,900.0</i>	<i>8.6%</i>
Department of State													
2006	International Information Program				\$28.0	\$7.0	25.0%	\$23.7	\$1.0	4.4%			
2006	International Narcotics & Law Enforcement				\$313.0	\$12.0	3.8%						
2007	Business Class Travel							\$16.0	\$0.7	4.1%	\$25.8	\$0.3	1.0%
	<i>Subtotal of Measured Programs</i>				<i>\$341.0</i>	<i>\$19.0</i>	<i>5.6%</i>	<i>\$39.7</i>	<i>\$1.7</i>	<i>4.3%</i>	<i>\$25.8</i>	<i>\$0.3</i>	<i>1.0%</i>
Department of the Treasury													
2004	Earned Income Tax Credit (EITC) ⁴	\$39,400.0	\$9,653.0	24.5%	\$42,100.0	\$10,700.0	25.4%	\$44,500.0	\$11,350.0	25.5%	\$47,600.0	\$12,100.0	25.4%
	<i>Subtotal of Measured Programs</i>	<i>\$39,400.0</i>	<i>\$9,653.0</i>	<i>24.5%</i>	<i>\$42,100.0</i>	<i>\$10,700.0</i>	<i>25.4%</i>	<i>\$44,500.0</i>	<i>\$11,350.0</i>	<i>25.5%</i>	<i>\$47,600.0</i>	<i>\$12,100.0</i>	<i>25.4%</i>
Department of Transportation													
2006	FHWA Highway Planning/Construction				\$35,571.0	\$30.0	0.1%	\$33,347.0	\$55.2	0.2%	\$32,190.0	\$55.1	0.2%
2007	FAA Airport Improvement Program							\$3,874.0	\$0.0	0.0%	\$4,428.0	\$1.0	0.0%
2007	FTA Capital Investment Grants Program							\$2,663.0	\$29.3	1.1%	\$2,473.0	\$87.0	3.5%
2007	FTA Formula Grants Program							\$6,281.0	\$4.3	0.1%	\$7,298.0	\$47.6	0.7%
	<i>Subtotal of Measured Programs</i>				<i>\$35,571.0</i>	<i>\$30.0</i>	<i>0.1%</i>	<i>\$46,165.0</i>	<i>\$88.8</i>	<i>0.2%</i>	<i>\$46,389.0</i>	<i>\$190.7</i>	<i>0.4%</i>

Appendix 3: Improper Payments Reported Between FY 2004 and FY 2008 in PARs and AFRs by Program (\$ in millions)

<u>1st Rate Program Name</u>		FY 2004 Reported			FY 2006 Reported			FY 2007 Reported			FY 2008 Reported		
		<u>Outlays</u>	<u>Dollars</u>	<u>Rate</u>	<u>Outlays</u>	<u>Dollars</u>	<u>Rate</u>	<u>Outlays</u>	<u>Dollars</u>	<u>Rate</u>	<u>Outlays</u>	<u>Dollars</u>	<u>Rate</u>
Department of Veterans Affairs													
2004	Compensation/Dependency & Indemnity	\$24,750.0	\$256.0	1.0%	\$28,711.0	\$306.0	1.1%	\$30,915.0	\$240.8	0.8%	\$33,727.0	\$340.2	1.0%
2004	Education	\$2,129.0	\$52.0	2.4%	\$2,611.0	\$32.0	1.2%	\$2,754.0	\$101.0	3.7%	\$2,856.0	\$63.7	2.2%
2004	Insurances ³	\$1,676.0	\$0.3	0.0%									
2004	Pension	\$3,219.0	\$284.0	8.8%	\$3,383.0	\$371.0	11.0%	\$3,525.0	\$303.9	8.6%	\$3,663.0	\$375.1	10.2%
2005	Loan Guaranty				\$1,137.0	\$4.0	0.4%	\$876.0	\$4.7	0.5%	\$903.0	\$3.9	0.4%
2005	Vocational Rehabilitation/Employment				\$583.0	\$6.0	1.0%	\$573.0	\$4.0	0.7%			
2007	Fee Program							\$1,578.0	\$92.6	5.9%	\$1,941.0	\$24.8	1.3%
2008	CHAMPVA										\$538.7	\$17.1	3.2%
	<i>Subtotal of Measured Programs</i>	<i>\$31,774.0</i>	<i>\$592.3</i>	<i>1.9%</i>	<i>\$36,425.0</i>	<i>\$719.0</i>	<i>2.0%</i>	<i>\$40,221.0</i>	<i>\$747.0</i>	<i>1.9%</i>	<i>\$43,628.7</i>	<i>\$824.8</i>	<i>1.9%</i>
Environmental Protection Agency													
2004	Clean & Drinking Water State Revolving Fund (SRF) ³	\$2,105.0	\$10.0	0.5%	\$2,300.0	\$3.5	0.2%	\$2,300.0	\$1.6	0.1%	\$2,100.0	\$8.3	0.4%
	<i>Subtotal of Measured Programs</i>	<i>\$2,105.0</i>	<i>\$10.0</i>	<i>0.5%</i>	<i>\$2,300.0</i>	<i>\$3.5</i>	<i>0.2%</i>	<i>\$2,300.0</i>	<i>\$1.6</i>	<i>0.1%</i>	<i>\$2,100.0</i>	<i>\$8.3</i>	<i>0.4%</i>
Federal Communications Commission⁵													
2007	Universal Service Fund - High Cost							\$3,748.0	\$620.0	16.5%	\$4,164.4	\$970.3	23.3%
2007	Universal Service Fund - Low Income							\$796.0	\$75.5	9.5%	\$794.7	\$75.5	9.5%
2007	Universal Service Fund - Schools and Libraries							\$1,630.0	\$210.0	12.9%	\$1,686.2	\$232.7	13.8%
	<i>Subtotal of Measured Programs</i>							<i>\$6,174.0</i>	<i>\$905.5</i>	<i>14.7%</i>	<i>\$6,645.3</i>	<i>\$1,278.5</i>	<i>19.2%</i>
International Assistance Programs													
2005	USAID Cash Transfers				\$851.0	\$7.0	0.8%	\$1,418.0	\$3.0	0.2%	\$2,187.0	\$2.0	0.1%
2005	USAID Contracts										\$5,767.0	\$69.0	1.2%
2005	USAID Grants & Cooperative Agreements										\$3,126.0	\$36.0	1.2%
2005	USAID Grants, Contracts and Cooperative Agreements ⁶				\$6,846.0	\$15.0	0.2%	\$7,841.0	\$96.0	1.2%			
	<i>Subtotal of Measured Programs</i>				<i>\$7,697.0</i>	<i>\$22.0</i>	<i>0.3%</i>	<i>\$9,259.0</i>	<i>\$99.0</i>	<i>1.1%</i>	<i>\$11,080.0</i>	<i>\$107.0</i>	<i>1.0%</i>
National Science Foundation													
2004	Research and Education Grants ³	\$4,742.0	\$4.0	0.1%									
	<i>Subtotal of Measured Programs</i>	<i>\$4,742.0</i>	<i>\$4.0</i>	<i>0.1%</i>									

Appendix 3: Improper Payments Reported Between FY 2004 and FY 2008 in PARs and AFRs by Program (\$ in millions)

<u>1st Rate Program Name</u>		FY 2004 Reported			FY 2006 Reported			FY 2007 Reported			FY 2008 Reported		
		<u>Outlays</u>	<u>Dollars</u>	<u>Rate</u>	<u>Outlays</u>	<u>Dollars</u>	<u>Rate</u>	<u>Outlays</u>	<u>Dollars</u>	<u>Rate</u>	<u>Outlays</u>	<u>Dollars</u>	<u>Rate</u>
Office of Personnel Management													
2004	Federal Employee Health Benefit Program	\$27,200.0	\$87.0	0.3%	\$31,700.0	\$63.0	0.2%	\$33,477.4	\$168.7	0.5%	\$35,323.5	\$83.7	0.2%
2004	Federal Employee Life Insurance Program	\$2,119.0	\$5.0	0.2%	\$1,380.0	\$1.0	0.1%	\$2,395.3	\$0.8	0.0%	\$2,487.7	\$0.6	0.0%
2004	Federal Employee Retirement Programs	\$52,300.0	\$193.0	0.4%	\$57,900.0	\$254.0	0.4%	\$60,420.1	\$253.5	0.4%	\$63,025.0	\$245.9	0.4%
	<i>Subtotal of Measured Programs</i>	<i>\$81,619.0</i>	<i>\$285.0</i>	<i>0.3%</i>	<i>\$90,980.0</i>	<i>\$318.0</i>	<i>0.3%</i>	<i>\$96,292.8</i>	<i>\$423.0</i>	<i>0.4%</i>	<i>\$100,836.2</i>	<i>\$330.2</i>	<i>0.3%</i>
Railroad Retirement Board													
2005	Railroad Unemployment Insurance Program				\$111.2	\$2.6	2.3%	\$105.6	\$2.7	2.6%	\$107.0	\$2.1	2.0%
2005	Retirement and Survivors Benefits				\$9,197.9	\$151.8	1.7%	\$9,457.4	\$128.6	1.4%	\$9,812.5	\$92.7	0.9%
	<i>Subtotal of Measured Programs</i>				<i>\$9,309.1</i>	<i>\$154.4</i>	<i>1.7%</i>	<i>\$9,563.0</i>	<i>\$131.3</i>	<i>1.4%</i>	<i>\$9,919.5</i>	<i>\$94.8</i>	<i>1.0%</i>
Small Business Administration													
2004	(504) Certified Development Company Debentures (CDC)	\$170.0	\$0.0	0.0%	\$4,274.0	\$0.0	0.0%	\$6,282.0	\$0.0	0.0%	\$5,245.6	\$0.0	0.0%
2004	Disaster Assistance Loans	\$806.0	\$0.0	0.0%	\$11,170.0	\$89.0	0.8%	\$819.7	\$4.5	0.5%	\$825.8	\$6.1	0.7%
2004	Small Business Investment Centers (SBIC)	\$2,787.0	\$129.0	4.6%	\$2,709.0	\$0.0	0.0%	\$2,525.0	\$4.0	0.2%	\$2,283.0	\$0.0	0.0%
2005	7(a) Business Loans				\$651.0	\$10.0	1.5%	\$610.2	\$2.6	0.4%	\$1,230.9	\$6.5	0.5%
2007	7(a) Guaranty Approvals							\$13,517.0	\$0.0	0.0%	\$11,739.1	\$0.0	0.0%
2007	CDC Loans Guaranteed							\$6,282.0	\$0.0	0.0%	\$5,245.6	\$0.0	0.0%
	<i>Subtotal of Measured Programs</i>	<i>\$3,763.0</i>	<i>\$129.0</i>	<i>3.4%</i>	<i>\$18,804.0</i>	<i>\$99.0</i>	<i>0.5%</i>	<i>\$30,035.9</i>	<i>\$11.1</i>	<i>0.0%</i>	<i>\$26,570.0</i>	<i>\$12.6</i>	<i>0.0%</i>
Social Security Administration													
2004	Old Age, Survivors & Disability Insurance (OASDI)	\$466,500.0	\$1,707.0	0.4%	\$514,200.0	\$3,280.0	0.6%	\$545,000.0	\$2,504.0	0.5%	\$576,800.0	\$1,963.0	0.3%
2004	Supplemental Security Income (SSI)	\$35,706.0	\$2,639.0	7.4%	\$39,068.0	\$3,028.0	7.8%	\$40,328.0	\$4,089.0	10.1%	\$42,600.0	\$4,552.0	10.7%
	<i>Subtotal of Measured Programs</i>	<i>\$502,206.0</i>	<i>\$4,346.0</i>	<i>0.9%</i>	<i>\$553,268.0</i>	<i>\$6,308.0</i>	<i>1.1%</i>	<i>\$585,328.0</i>	<i>\$6,593.0</i>	<i>1.1%</i>	<i>\$619,400.0</i>	<i>\$6,515.0</i>	<i>1.1%</i>

Appendix 3: Improper Payments Reported Between FY 2004 and FY 2008 in PARs and AFRs by Program (\$ in millions)

<u>1st Rate Program Name</u>	FY 2004 Reported			FY 2006 Reported			FY 2007 Reported			FY 2008 Reported		
	<u>Outlays</u>	<u>Dollars</u>	<u>Rate</u>	<u>Outlays</u>	<u>Dollars</u>	<u>Rate</u>	<u>Outlays</u>	<u>Dollars</u>	<u>Rate</u>	<u>Outlays</u>	<u>Dollars</u>	<u>Rate</u>
Total FY 2004 Programs	\$1,035,354.2	\$45,003.9	4.3%	\$1,148,728.2	\$36,244.1	3.2%	\$1,211,548.9	\$37,119.8	3.1%	\$1,276,975.7	\$37,948.3	3.0%
Total FY 2005 Programs ⁷				\$143,138.5	\$2,914.7	2.0%	\$136,401.3	\$1,512.9	1.1%	\$144,411.9	\$1,301.0	0.9%
Total FY 2006 Programs				\$102,160.6	\$1,429.1	1.4%	\$87,192.6	\$420.4	0.5%	\$80,349.9	\$561.3	0.7%
Subtotal FY 2004 - 2006 Programs				\$1,394,027.3	\$40,587.9	2.9%	\$1,435,142.8	\$39,053.1	2.7%	\$1,501,737.4	\$39,810.6	2.7%
Total FY 2007 Programs							\$58,192.0	\$2,963.4	5.1%	\$57,819.9	\$3,428.1	5.9%
Subtotal FY 2004 - 2007 Programs							\$1,493,334.8	\$42,016.5	2.8%	\$1,559,557.3	\$43,238.7	2.8%
Total FY 2008 Programs										\$279,677.7	\$28,881.5	10.3%
GRAND TOTAL OF FY 2004 - 2008 PROGRAMS										\$1,839,235.0	\$72,120.2	3.9%

Appendix 3: Improper Payments Reported Between FY 2004 and FY 2008 in PARs and AFRs by Program (\$ in millions)

Notes:

¹ Error rate information for the Marketing Assistance Loan, Direct & Counter-Cyclical Payments, Non-insured Assistance, and the Conservation Reserve programs may be slightly different than the error rates reported in USDA's FY 2008 PAR.

² In FY 2007, Medicaid reported a preliminary error rate of 18.45 percent for its Fee-for-Service component based on a review of 17 states for quarters 1 and 2 of FY 2006. In FY 2008, HHS completed the FY 2006 measurement of the Fee-for-Service component and reported an adjusted rate of 4.7 percent. In FY 2008, Medicaid measured all of its components, and for the purpose of this report, all of Medicaid is included in the FY 2008 cohort.

³ OMB approved reporting relief for these formerly high-risk programs.

⁴ The National Research Project analysis based on tax year 2001 data was completed during FY 2005. Because the data is more than three years old, Treasury statisticians have "aged" the data to project current and out-year improper payments totals.

⁵ As of January 8, 2009, the Federal Communications Corporation had not yet released its final FY 2008 improper payments amount or rate. As such, information for FY 2008 is preliminary and may change.

⁶ The International Assistance Programs previously reported USAID Grants, Contracts and Cooperative Agreements as one program. For its FY 2008 AFR, International Assistance Programs reported separate outlays, improper payment amounts, and error rates for USAID Contracts and USAID Grants and Cooperative Agreements.

⁷ Agency outlays, improper payment amounts, and error rates for FY 2005 are not included in this report's Appendix 2. This information is available at http://www.whitehouse.gov/omb/financial/fia/2007_ipia_final.pdf.

PLEASE NOTE: Figures in Appendix 3 may vary slightly from previous reporting years due to rounding, as well as updates to the figures based on more current information. Further, error rate information reflects data reported in FY 2008, but may reflect earlier measurement periods (e.g., errors reported in FY 2008 may be for measurement periods prior to FY 2008).

**Appendix 4: Agency Recovery Auditing Reporting Between FY 2004
and FY 2008**

Appendix 4: Agency Recovery Auditing Reporting Between FY 2004 and FY 2008 (\$ in millions)

<u>Fiscal Year</u>	<u>Amount Subject to Review</u>	<u>Amount Reviewed</u>	<u>Amount Identified</u>	<u>Amount Recovered</u>	<u>Recovery Rate</u>
Department of Agriculture					
2004	\$3,700.0	\$118.0	\$0.0	\$0.0	
2005	\$4,965.0	\$2,428.0	\$0.3	\$0.2	
2006	\$7,549.0	\$5,945.0	\$0.4	\$0.5	
2007	\$5,266.7	\$3,183.0	\$0.2	\$0.2	
2008	\$5,308.5	\$4,570.2	\$0.0	\$0.1	
<i>Cumulative Sub Total</i>	\$26,789.2	\$16,244.1	\$1.0	\$1.0	102.1%
Department of Commerce					
2006	\$459.7	\$398.3	\$0.1	\$0.1	
2007	\$254.7	\$97.0	\$0.0	\$0.0	
2008	\$88.9	\$68.8	\$0.0	\$0.0	
<i>Cumulative Sub Total</i>	\$803.3	\$564.1	\$0.1	\$0.1	100.0%
Department of Defense--Military					
2004	\$11,200.0	\$11,200.0	\$20.8	\$20.8	
2005	\$222,800.0	\$222,800.0	\$473.0	\$418.5	
2006	\$299,400.0	\$299,400.0	\$340.2	\$137.9	
2007	\$189,300.0	\$189,300.0	\$24.6	\$19.6	
2008	\$331,192.0	\$331,192.0	\$53.3	\$41.7	
<i>Cumulative Sub Total</i>	\$1,053,892.0	\$1,053,892.0	\$911.9	\$638.5	70.0%
Department of Education					
2004	\$1,171.0	\$1,171.0	\$0.0	\$0.0	
2005	\$1,393.0	\$0.0	\$0.3	\$0.1	
2006	\$1,285.0	\$1,285.0	\$0.0	\$0.0	
2008	\$1,598.0	\$22.0	\$0.0	\$0.0	
<i>Cumulative Sub Total</i>	\$5,447.0	\$2,478.0	\$0.3	\$0.1	42.9%
Department of Energy					
2004	\$0.0	\$11,944.0	\$6.0	\$6.0	
2005	\$24,113.0	\$11,387.0	\$10.6	\$9.5	
2006	\$9,620.0	\$9,620.0	\$11.9	\$10.3	
2007	\$20,570.0	\$9,231.0	\$15.0	\$10.0	
2008	\$19.4	\$9.8	\$11.0	\$10.0	
<i>Cumulative Sub Total</i>	\$54,322.4	\$42,191.8	\$54.5	\$45.8	84.0%
Department of Health and Human Services¹					
2005	\$12,600.0	\$11,100.0	\$2.1	\$0.0	
2006	\$12,600.0	\$12,600.0	\$1.6	\$0.0	
2007	\$24,200.0	\$24,200.0	\$0.6	\$0.0	
<i>Cumulative Sub Total</i>	\$49,400.0	\$47,900.0	\$4.3	\$0.1	1.4%

Appendix 4: Agency Recovery Auditing Reporting Between FY 2004 and FY 2008 (\$ in millions)

<u>Fiscal Year</u>	<u>Amount Subject to Review</u>	<u>Amount Reviewed</u>	<u>Amount Identified</u>	<u>Amount Recovered</u>	<u>Recovery Rate</u>
Department of Homeland Security					
2005	\$3,232.0	\$3,232.0	\$2.2	\$1.2	
2006	\$13,400.0	\$11,125.0	\$502.0	\$0.0	
2007	\$17,199.0	\$17,199.0	\$1.8	\$1.2	
2008	\$9,384.0	\$9,384.0	\$0.9	\$0.7	
<i>Cumulative Sub Total</i>	<i>\$43,215.0</i>	<i>\$40,940.0</i>	<i>\$507.0</i>	<i>\$3.1</i>	<i>0.6%</i>
Department of Housing and Urban Development¹					
2004	\$2,271.0	\$207.0	\$0.0	\$0.0	
<i>Cumulative Sub Total</i>	<i>\$2,271.0</i>	<i>\$207.0</i>	<i>\$0.0</i>	<i>\$0.0</i>	<i>0.0%</i>
Department of Justice					
2004	\$23,406.0	\$10,298.0	\$1.0	\$0.8	
2005	\$6,668.0	\$4,607.0	\$1.0	\$0.8	
2006	\$11,310.0	\$8,002.0	\$1.9	\$1.7	
2007	\$12,302.1	\$9,841.8	\$3.4	\$3.5	
2008	\$8,649.3	\$8,649.3	\$2.3	\$1.7	
<i>Cumulative Sub Total</i>	<i>\$62,335.4</i>	<i>\$41,398.1</i>	<i>\$9.6</i>	<i>\$8.5</i>	<i>89.1%</i>
Department of Labor					
2008	\$1,751.0	\$1,751.0	\$0.0	\$0.0	
<i>Cumulative Sub Total</i>	<i>\$1,751.0</i>	<i>\$1,751.0</i>	<i>\$0.0</i>	<i>\$0.0</i>	<i>0.0%</i>
Department of State					
2005	\$30,600.0	\$30,600.0	\$5.4	\$5.2	
2006	\$35,591.0	\$35,591.0	\$2.4	\$2.3	
2007	\$23,200.0	\$23,200.0	\$5.4	\$4.9	
2008	\$4,800.0	\$4,800.0	\$15.4	\$14.3	
<i>Cumulative Sub Total</i>	<i>\$94,191.0</i>	<i>\$94,191.0</i>	<i>\$28.6</i>	<i>\$26.7</i>	<i>93.4%</i>
Department of the Interior					
2004	\$0.0	\$0.0	\$0.8	\$0.8	
2005	\$4,700.0	\$4,790.0	\$0.3	\$0.3	
2006	\$5,743.6	\$5,743.6	\$0.7	\$0.6	
2007	\$5,549.6	\$5,549.7	\$0.6	\$0.6	
2008	\$5,217.0	\$5,217.0	\$0.5	\$0.5	
<i>Cumulative Sub Total</i>	<i>\$21,210.2</i>	<i>\$21,300.3</i>	<i>\$3.0</i>	<i>\$2.9</i>	<i>96.6%</i>

Appendix 4: Agency Recovery Auditing Reporting Between FY 2004 and FY 2008 (\$ in millions)

<u>Fiscal Year</u>	<u>Amount Subject to Review</u>	<u>Amount Reviewed</u>	<u>Amount Identified</u>	<u>Amount Recovered</u>	<u>Recovery Rate</u>
Department of the Treasury					
2004	\$0.0	\$35.2	\$0.9	\$0.7	
2005	\$4,941.0	\$3,852.0	\$0.4	\$0.4	
2006	\$4,622.0	\$4,216.0	\$2.3	\$1.4	
2007	\$5,165.0	\$4,447.0	\$0.8	\$0.8	
2008	\$5,008.0	\$4,532.0	\$0.8	\$0.8	
<i>Cumulative Sub Total</i>	<i>\$19,736.0</i>	<i>\$17,082.2</i>	<i>\$5.3</i>	<i>\$4.1</i>	<i>78.7%</i>
Department of Transportation					
2004	\$2,500.0	\$1,543.0	\$0.2	\$0.2	
2005	\$3,065.0	\$2,588.0	\$2.7	\$2.7	
2006	\$25,007.0	\$1,429.0	\$6.5	\$0.1	
2007	\$25,007.0	\$1,429.0	\$6.6	\$1.2	
2008	\$93,256.0	\$1,429.0	\$0.2	\$0.1	
<i>Cumulative Sub Total</i>	<i>\$148,835.0</i>	<i>\$8,418.0</i>	<i>\$16.1</i>	<i>\$4.2</i>	<i>26.4%</i>
Department of Veterans Affairs					
2004	\$0.0	\$10,900.0	\$29.5	\$27.3	
2005	\$5,368.0	\$5,368.0	\$23.0	\$13.0	
2006	\$6,560.0	\$5,690.0	\$39.2	\$30.4	
2007	\$14,857.3	\$14,227.2	\$37.7	\$27.0	
2008	\$22,508.1	\$21,797.8	\$44.4	\$20.8	
<i>Cumulative Sub Total</i>	<i>\$49,293.4</i>	<i>\$57,983.0</i>	<i>\$173.9</i>	<i>\$118.5</i>	<i>68.2%</i>
Environmental Protection Agency¹					
2004	\$0.0	\$0.9	\$0.8	\$0.8	
2005	\$6,460.0	\$1,460.0	\$0.5	\$0.5	
2006	\$0.0	\$1,657.0	\$1.1	\$1.1	
2007	\$0.0	\$947.0	\$0.2	\$0.2	
<i>Cumulative Sub Total</i>	<i>\$6,460.0</i>	<i>\$4,064.9</i>	<i>\$2.6</i>	<i>\$2.6</i>	<i>100.0%</i>
General Services Administration					
2004	\$12,000.0	\$12,000.0	\$14.4	\$11.1	
2005	\$15,500.0	\$1,625.0	\$26.6	\$8.3	
2006	\$13,400.0	\$1,070.0	\$46.7	\$45.9	
2007	\$14,000.0	\$11,000.0	\$11.2	\$9.4	
2008	\$14,500.0	\$15,600.0	\$13.5	\$10.6	
<i>Cumulative Sub Total</i>	<i>\$69,400.0</i>	<i>\$41,295.0</i>	<i>\$112.4</i>	<i>\$85.3</i>	<i>75.9%</i>

Appendix 4: Agency Recovery Auditing Reporting Between FY 2004 and FY 2008 (\$ in millions)

<u>Fiscal Year</u>	<u>Amount Subject to Review</u>	<u>Amount Reviewed</u>	<u>Amount Identified</u>	<u>Amount Recovered</u>	<u>Recovery Rate</u>
International Assistance Programs					
2007	\$8,861.0	\$8,861.0	\$4.0	\$4.0	
2008	\$4,941.0	\$4,941.0	\$27.0	\$27.0	
<i>Cumulative Sub Total</i>	<i>\$13,802.0</i>	<i>\$13,802.0</i>	<i>\$31.0</i>	<i>\$31.0</i>	<i>100.0%</i>
National Aeronautics and Space²					
2005	\$12,276.0	\$82.5	\$0.6	\$0.6	
2006	\$57,439.0	\$57,439.0	\$0.3	\$0.1	
2008	\$4,533.0	\$4,533.0	\$0.0	\$0.0	
<i>Cumulative Sub Total</i>	<i>\$74,248.0</i>	<i>\$62,054.5</i>	<i>\$0.9</i>	<i>\$0.8</i>	<i>86.5%</i>
Social Security Administration					
2004	\$882.0	\$882.0	\$0.0	\$0.0	
2005	\$1,160.0	\$61.0	\$0.3	\$0.1	
2006	\$1,360.0	\$96.0	\$0.2	\$0.2	
2007	\$1,383.0	\$54.9	\$1.7	\$1.7	
2008	\$1,392.0	\$12.0	\$3.2	\$3.2	
<i>Cumulative Sub Total</i>	<i>\$6,177.0</i>	<i>\$1,105.9</i>	<i>\$5.4</i>	<i>\$5.1</i>	<i>95.0%</i>
Tennessee Valley Authority					
2005	\$5,556.0	\$38.5	\$0.9	\$0.4	
2006	\$6,520.0	\$191.0	\$1.2	\$1.2	
2007	\$7,027.6	\$7,027.6	\$1.1	\$1.1	
2008	\$8,595.4	\$8,595.4	\$0.8	\$0.8	
<i>Cumulative Sub Total</i>	<i>\$27,699.0</i>	<i>\$15,852.5</i>	<i>\$4.0</i>	<i>\$3.5</i>	<i>87.9%</i>
FY 2004 Total	\$57,130.0	\$60,299.1	\$74.4	\$68.5	
FY 2005 Total	\$365,397.0	\$306,019.0	\$550.4	\$461.8	
FY 2006 Total	\$511,866.3	\$461,497.9	\$958.5	\$233.9	
FY 2007 Total	\$374,143.0	\$329,795.1	\$115.0	\$85.4	
FY 2008 Total	\$522,741.6	\$427,104.2	\$173.3	\$132.4	
CUMULATIVE TOTAL	\$1,831,277.9	\$1,584,715.4	\$1,871.6	\$982.0	52.5%

Appendix 4: Agency Recovery Auditing Reporting Between FY 2004 and FY 2008 (\$ in millions)

Notes:

¹ HHS, HUD, and EPA did not perform recovery audits since they determined that due to the limited amount of improper contract payments identified, performing recovery audits was not cost effective.

² NASA reported in its FY 2008 PAR that it hired a recovery auditing firm to review FY 2006 disbursements for FY 2008 reporting. This firm identified and recovered very small amounts of improper payments in FY 2008, and due to rounding, these amounts are reported as \$0.0 million in this report. In addition, NASA reported that it will review FY 2007 and FY 2008 disbursements during FY 2009 recovery audits.

**Appendix 5: Improper Payments Projected Between FY 2009 and FY
2011 as Reported in FY 2008 PARs and AFRs by Program**

1st Rate	Program Name	FY 2009			FY 2010			FY 2011		
		Outlays	Dollars	Rate	Outlays	Dollars	Rate	Outlays	Dollars	Rate
Department of Agriculture										
2004	Federal Crop Insurance	\$3,600.0	\$166.0	4.6%	\$3,900.0	\$176.0	4.5%	\$3,900.0	\$172.0	4.4%
2004	Food Stamps	\$33,866.0	\$1,910.0	5.6%	\$35,189.0	\$1,970.0	5.6%	\$35,483.0	\$1,916.0	5.4%
2005	Farm Security & Rural Investment	\$1,519.0	\$5.0	0.3%	\$1,790.0	\$4.0	0.2%	\$1,800.0	\$3.0	0.2%
2005	Loan Deficiency Payments	\$6.0	\$0.0	0.0%	\$7.0	\$0.1	1.4%	\$7.0	\$0.1	1.4%
2005	Marketing Assistance Loan	\$4,935.0	\$81.0	1.6%	\$6,609.0	\$102.0	1.5%	\$6,454.0	\$94.0	1.5%
2005	Milk Income Loss	\$2.0	\$0.0	0.0%	\$10.0	\$0.0	0.1%	\$15.0	\$0.1	0.7%
2005	Rental Assistance	\$924.0	\$36.0	3.9%	\$960.0	\$36.0	3.8%	\$999.0	\$35.0	3.5%
2005	Wildland Fire Suppression	\$1,900.0	\$0.4	0.0%	\$2,090.0	\$0.4	0.0%	\$2,300.0	\$0.5	0.0%
2006	Child and Adult Care Food - FDC Homes-Tiering Component	\$757.0	\$11.0	1.5%	\$776.0	\$11.0	1.4%	\$796.0	\$11.0	1.4%
2006	Conservation Reserve	\$1,876.0	\$23.0	1.2%	\$1,891.0	\$22.0	1.2%	\$1,933.0	\$21.0	1.1%
2006	Direct & Counter-Cyclical Payments	\$3,988.0	\$26.0	0.7%	\$4,578.0	\$27.0	0.6%	\$4,406.0	\$26.0	0.6%
2006	Farm Service Disaster	\$2,245.0	\$67.0	3.0%	\$2,568.0	\$76.0	3.0%	\$1,291.0	\$37.0	2.9%
2006	Non-insured Assistance	\$67.0	\$9.0	13.4%	\$325.0	\$39.0	12.0%	\$325.0	\$33.0	10.2%
2006	Special Nutrition Program for Women, Infants, and Children (WIC) Vendor Error Component	\$4,547.0	\$37.0	0.8%	\$4,492.0	\$35.0	0.8%	\$4,594.0	\$33.0	0.7%
2007	School Breakfast	\$2,418.0	\$590.0	24.4%	\$2,503.0	\$590.0	23.6%	\$2,623.0	\$590.0	22.5%
2007	School Lunch	\$9,562.0	\$1,538.0	16.1%	\$9,715.0	\$1,518.0	15.6%	\$9,981.0	\$1,516.0	15.2%
	Subtotal of Measured Programs	\$72,212.0	\$4,499.4	6.2%	\$77,403.0	\$4,606.5	6.0%	\$76,907.0	\$4,487.7	5.8%
Department of Defense--Military										
2004	Military Health Benefits	\$10,800.0	\$216.0	2.0%	\$10,500.0	\$211.0	2.0%	\$10,800.0	\$216.0	2.0%
2004	Military Retirement Benefits	\$41,300.0	\$51.4	0.1%	\$42,900.0	\$54.2	0.1%	\$44,500.0	\$52.3	0.1%
2005	Military Pay	\$68,400.0	\$362.5	0.5%	\$69,700.0	\$362.4	0.5%	\$71,000.0	\$362.1	0.5%
2006	Civilian Pay	\$31,300.0	\$73.0	0.2%	\$32,300.0	\$72.3	0.2%	\$32,300.0	\$72.2	0.2%
2006	Travel Pay	\$8,600.0	\$82.4	1.0%	\$8,500.0	\$76.5	0.9%	\$8,300.0	\$72.3	0.9%
	Subtotal of Measured Programs	\$160,400.0	\$785.3	0.5%	\$163,900.0	\$776.4	0.5%	\$166,900.0	\$774.9	0.5%
Department of Education										
2004	Pell Grants	\$17,081.0	\$630.0	3.7%	\$16,908.0	\$592.0	3.5%	\$16,908.0	\$592.0	3.5%
2005	Federal Family Education Loan (FFEL)	\$24,071.0	\$404.0	1.7%	\$18,427.0	\$310.0	1.7%	\$18,427.0	\$310.0	1.7%
2005	Title I - Grants to States	\$12,587.0	\$40.0	0.3%	\$12,990.0	\$42.0	0.3%	\$13,899.0	\$44.0	0.3%
	Subtotal of Measured Programs	\$53,739.0	\$1,074.0	2.0%	\$48,325.0	\$944.0	2.0%	\$49,234.0	\$946.0	1.9%

1st Rate	Program Name	FY 2009			FY 2010			FY 2011		
		Outlays	Dollars	Rate	Outlays	Dollars	Rate	Outlays	Dollars	Rate
Department of Health and Human Services ¹										
2004	HeadStart	\$7,027.0	\$140.5	2.0%	\$7,027.0	\$133.5	1.9%	\$7,027.0	\$126.5	1.8%
2004	Medicare Fee-for-Service (FFS)	\$321,127.0	\$11,239.0	3.5%	\$335,185.0	\$11,396.0	3.4%	\$349,613.0	\$11,537.0	3.3%
2005	Foster Care-Title IV-E	\$1,523.0	\$91.4	6.0%	\$1,512.0	\$83.2	5.5%	\$1,487.0	\$74.3	5.0%
2008	Child Care and Development Fund (CCDF)	\$5,028.0	\$553.1	11.0%	\$4,985.0	\$523.4	10.5%	\$4,979.0	\$497.9	10.0%
	Subtotal of Measured Programs	\$334,705.0	\$12,024.0	3.6%	\$348,709.0	\$12,136.1	3.5%	\$363,106.0	\$12,235.7	3.4%
Department of Homeland Security ²										
2006	Disaster Relief Fund Vendor Payments	\$1,602.0	\$80.0	5.0%	\$1,682.0	\$50.0	3.0%	\$1,766.0	\$44.0	2.5%
2006	Individuals & Households Program	\$636.0	\$35.0	5.5%	\$668.0	\$23.0	3.4%	\$701.0	\$18.0	2.6%
2007	CBP Custodial Refund & Drawback	\$1,537.0	\$1.0	0.1%	\$1,650.0	\$1.0	0.1%	\$1,600.0	\$1.0	0.1%
2008	Aviation Security - Payroll	\$2,308.0	\$2.3	0.1%	\$2,605.0	\$2.6	0.1%	\$2,759.0	\$2.8	0.1%
2008	Detention and Removal Operations	\$2,332.0	\$11.0	0.5%	\$2,205.0	\$7.0	0.3%	\$2,198.0	\$4.0	0.2%
2008	Federal Protective Service	\$778.0	\$151.0	19.4%	\$812.0	\$73.0	9.0%	\$848.0	\$13.0	1.5%
2008	ICE Investigations	\$283.6	\$5.1	1.8%	\$326.7	\$5.9	1.8%	\$333.2	\$6.0	1.8%
2008	USCG Active Duty Military Payroll	\$2,628.0	\$19.0	0.7%	\$2,707.0	\$16.0	0.6%	\$2,788.0	\$12.0	0.4%
2008	USCG Contract Payments	\$1,832.6	\$0.0	0.0%	\$1,832.6	\$0.0	0.0%	\$1,832.6	\$0.0	0.0%
	Subtotal of Measured Programs	\$13,937.2	\$304.4	2.2%	\$14,488.3	\$178.5	1.2%	\$14,825.8	\$100.8	0.7%
Department of Housing and Urban Development										
2004	Public Housing / Rental Assistance	\$28,553.4	\$960.5	3.4%	\$29,000.0	\$942.1	3.2%	\$29,000.0	\$912.0	3.1%
	Subtotal of Measured Programs	\$28,553.4	\$960.5	3.4%	\$29,000.0	\$942.1	3.2%	\$29,000.0	\$912.0	3.1%
Department of Labor										
2004	Federal Employees Compensation Act (FECA)	\$2,732.0	\$0.5	0.0%	\$2,792.0	\$0.6	0.0%	\$2,854.0	\$0.6	0.0%
2004	Unemployment Insurance (UI)	\$45,508.0	\$4,532.0	10.0%	\$44,374.0	\$4,375.0	9.9%	\$43,686.0	\$4,264.0	9.8%
2005	Workforce Investment Act (WIA)	\$3,551.0	\$2.5	0.1%	\$3,017.0	\$2.1	0.1%	\$2,954.0	\$2.1	0.1%
	Subtotal of Measured Programs	\$51,791.0	\$4,535.0	8.8%	\$50,183.0	\$4,377.7	8.7%	\$49,494.0	\$4,266.7	8.6%
Department of State										
2007	Business Class Travel	\$25.8	\$0.3	1.0%	\$25.8	\$0.3	1.0%	\$25.8	\$0.3	1.0%
	Subtotal of Measured Programs	\$25.8	\$0.3	1.0%	\$25.8	\$0.3	1.0%	\$25.8	\$0.3	1.0%

1st Rate	Program Name	FY 2009			FY 2010			FY 2011		
		Outlays	Dollars	Rate	Outlays	Dollars	Rate	Outlays	Dollars	Rate
Department of the Treasury ³										
2004	Earned Income Tax Credit (EITC)	\$49,500.0	\$12,600.0	25.5%	\$52,500.0	\$13,400.0	25.5%	\$53,200.0	\$13,600.0	25.6%
	Subtotal of Measured Programs	\$49,500.0	\$12,600.0	25.5%	\$52,500.0	\$13,400.0	25.5%	\$53,200.0	\$13,600.0	25.6%
Department of Transportation										
2006	FHWA Highway Planning/Construction	\$39,264.0	\$39.3	0.1%	\$37,513.0	\$37.5	0.1%	\$35,046.0	\$35.0	0.1%
2007	FAA Airport Improvement Program	\$3,967.0	\$0.0	0.0%	\$4,075.0	\$0.0	0.0%	\$4,200.0	\$0.0	0.0%
2007	FTA Capital Investment Grants Program	\$2,626.0	\$13.0	0.5%	\$2,218.0	\$1.1	0.1%	\$2,098.0	\$1.1	0.1%
2007	FTA Formula Grants Program	\$8,557.0	\$14.3	0.2%	\$9,080.0	\$1.5	0.0%	\$8,597.0	\$1.4	0.0%
	Subtotal of Measured Programs	\$54,414.0	\$66.6	0.1%	\$52,886.0	\$40.1	0.1%	\$49,941.0	\$37.5	0.1%
Department of Veterans Affairs										
2004	Compensation/Dependency & Indemnity	\$37,303.0	\$391.6	1.0%	\$39,766.0	\$409.6	1.0%	\$42,649.0	\$405.1	0.9%
2004	Education	\$3,242.0	\$71.4	2.2%	\$4,643.0	\$171.8	3.7%	\$8,634.0	\$863.4	10.0%
2004	Pension	\$3,869.0	\$321.5	8.3%	\$4,006.0	\$327.7	8.2%	\$4,149.0	\$334.8	8.1%
2005	Loan Guaranty	\$1,053.0	\$4.2	0.4%	\$1,228.0	\$4.7	0.4%	\$1,432.0	\$5.2	0.4%
2007	Fee Program	\$2,038.0	\$25.5	1.3%	\$2,140.0	\$23.5	1.1%	\$2,247.0	\$22.5	1.0%
2008	CHAMPVA	\$631.4	\$25.3	4.0%	\$735.5	\$29.4	4.0%	\$752.7	\$26.3	3.5%
	Subtotal of Measured Programs	\$48,136.4	\$839.5	1.7%	\$52,518.5	\$966.7	1.8%	\$59,863.7	\$1,657.3	2.8%
Federal Communications Commission ⁴										
2007	Universal Service Fund - High Cost	\$4,164.4	\$687.1	16.5%	\$4,164.4	\$687.1	16.5%	\$4,164.4	\$687.1	16.5%
2007	Universal Service Fund - Low Income	\$794.7	\$75.5	9.5%	\$794.7	\$75.5	9.5%	\$794.7	\$75.5	9.5%
2007	Universal Service Fund - Schools and Libraries	\$1,686.2	\$217.5	12.9%	\$1,686.2	\$217.5	12.9%	\$1,686.2	\$217.5	12.9%
	Subtotal of Measured Programs	\$6,645.3	\$980.1	14.7%	\$6,645.3	\$980.1	14.7%	\$6,645.3	\$980.1	14.7%
International Assistance Programs										
2005	USAID Cash Transfers	\$2,296.0	\$1.2	0.1%	\$2,411.0	\$0.4	0.0%	\$2,532.0	\$0.3	0.0%
2005	USAID Contracts	\$6,055.0	\$30.3	0.5%	\$6,358.0	\$15.9	0.3%	\$6,676.0	\$1.7	0.0%
2005	USAID Grants & Cooperative Agreements	\$3,282.0	\$16.4	0.5%	\$3,446.0	\$8.6	0.2%	\$3,619.0	\$0.9	0.0%
	Subtotal of Measured Programs	\$11,633.0	\$47.9	0.4%	\$12,215.0	\$24.9	0.2%	\$12,827.0	\$2.9	0.0%

1st Rate	Program Name	FY 2009			FY 2010			FY 2011		
		Outlays	Dollars	Rate	Outlays	Dollars	Rate	Outlays	Dollars	Rate
Office of Personnel Management										
2004	Federal Employee Health Benefit Program	\$37,123.0	\$87.7	0.2%	\$38,923.0	\$91.1	0.2%	\$40,723.0	\$94.6	0.2%
2004	Federal Employee Life Insurance Program	\$2,515.0	\$0.6	0.0%	\$2,650.0	\$0.6	0.0%	\$2,765.0	\$0.6	0.0%
2004	Federal Employee Retirement Programs	\$67,300.0	\$254.6	0.4%	\$70,700.0	\$255.5	0.4%	\$74,100.0	\$253.1	0.3%
	Subtotal of Measured Programs	\$106,938.0	\$342.9	0.3%	\$112,273.0	\$347.2	0.3%	\$117,588.0	\$348.3	0.3%
Railroad Retirement Board										
2005	Railroad Unemployment Insurance Program	\$115.5	\$2.3	2.0%	\$123.2	\$2.5	2.0%	\$130.8	\$2.6	2.0%
2005	Retirement and Survivors Benefits	\$10,108.2	\$95.5	0.9%	\$10,433.3	\$98.6	0.9%	\$10,766.7	\$101.8	0.9%
	Subtotal of Measured Programs	\$10,223.7	\$97.8	1.0%	\$10,556.5	\$101.1	1.0%	\$10,897.5	\$104.4	1.0%
Small Business Administration										
2004	(504) Certified Development Company Debentures (CDC)	\$6,000.0	\$0.0	0.0%	\$6,500.0	\$0.0	0.0%	\$7,000.0	\$0.0	0.0%
2004	Disaster Assistance Loans	\$2,004.0	\$14.0	0.7%	\$1,500.0	\$10.5	0.7%	\$1,000.0	\$7.0	0.7%
2004	Small Business Investment Centers (SBIC)	\$2,100.0	\$4.2	0.2%	\$1,850.0	\$3.7	0.2%	\$1,700.0	\$3.4	0.2%
2005	7(a) Business Loans	\$840.0	\$4.2	0.5%	\$830.0	\$4.2	0.5%	\$880.0	\$4.4	0.5%
2007	7(a) Guaranty Approvals	\$12,000.0	\$0.0	0.0%	\$13,000.0	\$0.0	0.0%	\$14,000.0	\$0.0	0.0%
2007	CDC Loans Guaranteed	\$6,000.0	\$0.0	0.0%	\$6,500.0	\$0.0	0.0%	\$7,000.0	\$0.0	0.0%
	Subtotal of Measured Programs	\$28,944.0	\$22.4	0.1%	\$30,180.0	\$18.4	0.1%	\$31,580.0	\$14.8	0.0%
Social Security Administration										
2004	Old Age, Survivors & Disability Insurance (OASDI)	\$605,927.0	\$2,424.0	0.4%	\$646,908.0	\$2,588.0	0.4%	\$686,633.0	\$2,746.0	0.4%
2004	Supplemental Security Income (SSI)	\$45,588.0	\$2,370.0	5.2%	\$48,431.0	\$2,518.0	5.2%	\$50,977.0	\$2,651.0	5.2%
	Subtotal of Measured Programs	\$651,515.0	\$4,794.0	0.7%	\$695,339.0	\$5,106.0	0.7%	\$737,610.0	\$5,397.0	0.7%
	Total FY 2004 Programs	\$1,374,065.4	\$38,385.5	2.8%	\$1,446,152.0	\$39,626.9	2.7%	\$1,517,301.0	\$40,747.4	2.7%
	Total FY 2005 Programs	\$143,167.7	\$1,176.9	0.8%	\$141,941.5	\$1,077.1	0.8%	\$145,378.5	\$1,042.1	0.7%
	Total FY 2006 Programs	\$94,882.0	\$482.7	0.5%	\$95,293.0	\$469.3	0.5%	\$91,458.0	\$402.5	0.4%
	Total FY 2007 Programs	\$55,376.2	\$3,162.2	5.7%	\$57,552.2	\$3,115.5	5.4%	\$59,017.2	\$3,112.4	5.3%
	Total FY 2008 Programs	\$15,821.6	\$766.8	4.8%	\$16,208.8	\$657.3	4.1%	\$16,490.5	\$562.0	3.4%
	Total of FYs 2004 - 2008 Programs	\$1,683,312.8	\$43,974.0	2.6%	\$1,757,147.5	\$44,946.1	2.6%	\$1,829,645.2	\$45,866.3	2.5%

Notes:

¹ As reported earlier in this report, HHS newly reported error measurements for some programs in FY 2008. As such, HHS has not established and published projections for Medicare Advantage (Part C), Medicaid, SCHIP, and TANF.

² DHS provided OMB with outlay projections for four programs that it did not include in its FY 2008 AFR: CBP Custodial Refund & Drawback, ICE Investigations, USCG Contract payments, and TSA's Aviation Security – Payroll program. For the purpose of this report, projected improper payment rates for these programs have been maintained at FY 2008 reported levels, but may be amended in the future.

³ The National Research Project analysis based on tax year 2001 data was completed during FY 2005. Because the data is more than three years old, Treasury statisticians have “aged” the data to project current and out-year improper payments totals.

⁴ As of January 8, 2009, the Federal Communications Corporation has not yet released its final FY 2008 improper payments amount or rate. As such, information for FY 2008 is preliminary and may be changed. The FY 2009 through FY 2011 projections are based on the final rates that the FCC reported in FY 2007.

PLEASE NOTE: Agency projections reflect data that is expected to be reported in FY 2009 through FY 2011, but may reflect different measurement periods (e.g., errors reported in FY 2009 may be for measurement periods prior to FY 2009).